

CONTRACT NO. 473-14-00310
BETWEEN
THE PUBLIC UTILITY COMMISSION OF TEXAS
AND
HURLBURT CPA

The parties to this Contract No. 473-14-00310 for financial audit of the Texas Universal Service Fund (TUSF) and internal control audit of the TUSF Administrator, are the Public Utility Commission of Texas (PUCT), a duly organized agency of the State of Texas with its office located at 1701 N. Congress Ave., Austin, Texas 78701 and Hurlburt CPA, LLC, a Missouri Corporation located at 100 N. Main Street, Suite 200, Liberty, Missouri 64068.

Article 1. DEFINITIONS

When used in this Agreement, the following terms shall have the following meanings:

1.1 “Public Utility Commission,” “PUCT,” or “Commission” means the Public Utility Commission of Texas acting through its Executive Director and the agency’s designated Contract Administrator.

1.2 “Contractor” includes **Hurlburt, CPA**, and any successors, heirs, and assigns.

1.3 “Services” means any and all services performed and any and all goods and products delivered by Contractor as specified in Attachment A.

Article 2. COMPENSATION

2.1 Compensation. Contractor agrees to provide all services (including labor, expenses, and any other services) described in Attachment A for the firm fixed price of \$162,000. If the parties choose to exercise one or both of the two one-year extensions allowed under Article 6, Contractor agrees to provide all services described in Attachment A for each additional year at the firm fixed price of \$56,000 per fiscal year audited.

If Contractor believes that changes in the scope of services to be performed will require Contractor to increase its fee, it must request the PUCT’s written authorization to increase its fee. Contractor must document the changes in the scope of services and why they will require additional effort. The Commission must approve the increase in fee by written amendment to this Agreement before Contractor performs any services or may invoice the increased fee.

2.2 Payment Process. Unless otherwise specified in Attachment A, Contractor shall submit an invoice to the PUCT upon completion of and acceptance by the PUCT of the final deliverable. The statement or invoice must contain a brief description of the work performed, a statement that the services described in the invoice were performed, the services were performed in

compliance with the Agreement, and the amount of the invoice does not exceed the contractual cap of the Agreement. The invoice presented must specify the Texas Comptroller-issued vendor identification number or federal taxpayer identification number, a description of the services provided, and the name and division of the Agency Contract manager. Contractor shall submit the statement or invoice to the PUCT as follows:

By email to: Payables@puc.texas.gov

Or by mail to: Accounts Payable
Operations Division
Public Utility Commission of Texas
P.O. Box 13326
Austin, TX 78711-3326

Upon approval of the statements by the Agency, the Agency will make payment to the Contractor. Contractor's acceptance of payment releases the PUCT of all claims for compensation owed in connection with this Agreement.

2.3 Payments made to Subcontractors. Contractor shall pay any subcontractor hereunder the appropriate share of payments received not later than the 10th day after the date Contractor receives the payment. The subcontractor's payment shall be overdue on the 11th day after the date Contractor receives the payment. The PUCT must approve Contractor's use of any subcontractor before Contractor engages the subcontractor (see Article 5.1).

2.4 Records. Contractor and its subcontractors, if any, shall maintain records and books of account relating to services provided under this Agreement. Contractor shall, for a period of four (4) years or until all issues or audits of contractor's work are resolved and completed, whichever is later, following the expiration or termination of this Agreement, maintain its records (electronic and paper) of the work performed under this Agreement. Records include, but are not limited to correspondence concerning the subject of this Agreement between Contractor and the PUCT; Contractor's internal correspondence; and correspondence between Contractor and any third party. Contractor shall make all records that support the performance of services and payment available to PUCT and/or its designees or the State Auditor during normal business hours given reasonable notice, upon the request of the PUCT Contract Administrator.

2.5 Sole Compensation. Payments under this Article are Contractor's sole compensation under this Agreement. Contractor shall not incur expenses with the expectation that the PUCT or any other agency of the state of Texas will directly pay the expense to a third-party vendor irrespective of the reason for incurring those expenses.

Article 3. CONTRACT ADMINISTRATION

3.1 PUCT Contract Administration. The PUCT designates Jay Stone to serve as its primary point of contact and Contract Administrator throughout the term of this Agreement. Contractor acknowledges that the PUCT Contract Administrator does not have any authority to amend this Agreement on behalf of the PUCT, except as expressly provided herein. Contractor further acknowledges that such authority is exclusively held by the Commission or its authorized designee, Executive Director Brian H. Lloyd.

3.2 Contractor Contract Administration. Contractor designates its Contract Administrator as follows: **Vic Hurlburt, CPA.**

3.3 Reporting. Contractor shall report directly to the PUCT Contract Administrator and shall perform all activities in accordance with reasonable instructions, directions, requests, rules, and regulations issued during the term of this Agreement as conveyed to Contractor by the PUCT Contract Administrator and the PUCT Technical Point of Contact.

3.4 Cooperation. The Parties' Contract Administrators shall handle all communications between them in a timely and cooperative manner. The Parties shall timely notify each other by email or other written communication of any change in designee or contact information.

3.5 Inquiries and Prompt Referral. Contractor understands that the PUCT does not endorse any vendor, commodity, or service. Contractor, its employees, representatives, other agents, or subcontractors may not issue any media release, advertisement, publication, or public pronouncement which pertains to this Agreement or the services or project to which this Agreement relates or which mentions the PUCT without the prior approval of the PUCT. Contractor will promptly refer all inquiries regarding this Agreement received from state legislators, other public officials, the media, or non-Parties, to the PUCT Contract Administrator.

Article 4. REPORTS AND RECORDS

4.1 Written Reports. Contractor will provide written reports to the PUCT in the form and with the frequency specified in Attachment A or as agreed to between the parties.

4.2 Distribution of Consultant Reports. PUCT shall have the right to distribute any consultant report associated with this contract, or to allow another Texas state agency or the Texas legislature to distribute it. PUCT shall also have the right to post any consultant report associated with this contract to the PUCT's website or to the website of a standing committee of the legislature. This provision does not waive any right to confidentiality that PUCT may assert for the report.

4.3 Progress Reports. In addition to any reports required as described in Attachment A, Contractor shall provide regular progress reports, either orally or electronically, to the PUCT

Contract Administrator or the PUCT Technical Point of Contact, in a format and on a schedule agreed upon. If Contractor cannot provide such reports without incurring unreasonable additional expense, Contractor shall notify the PUCT's Contract Administrator of the estimated cost for providing the additional reports and information substantiating the cost, prior to incurring the expense. Failure to provide these reports may result in termination of this contract.

Article 5. SUBCONTRACTING PARTIES

5.1 Use of Subcontractors. The Parties acknowledge and agree that at the time of execution of this Agreement, Contractor intends to perform the Services required under this Agreement using its own employees. Contractor will notify the PUCT Contract Administrator of any other proposed subcontract and will work with the PUCT HUB Coordinator to procure such other subcontractor and to submit appropriate subcontractor selection documentation for approval prior to engaging any other subcontractor, such approval not to be unreasonably withheld. Any such other subcontract or subsequent substitution of a subcontractor must be approved according to the terms of Article 7.

5.2 Sole Responsibility. Contractor is solely responsible for the quality and timeliness of the work produced by all subcontractors that Contractor may engage to provide Services hereunder and for the timely payment for all such work produced by all subcontractors that the PUCT accepts and pays for in accordance with the terms of this Agreement.

5.3 Prime Vendor Contract. The Parties expressly agree that this Agreement is intended to constitute a prime vendor contract, with Contractor serving as the prime vendor for delivery of the Services made the subject hereof. Contractor acknowledges and agrees that it is fully liable and responsible for timely, complete delivery of the Services described in this Agreement, notwithstanding the engagement of any subcontractor to perform an obligation under this Agreement.

Article 6. TERM, SUSPENSION, AND TERMINATION

6.1 Term. The term of this Agreement shall begin on the date the last party signs and shall continue in effect until March 31, 2017 unless sooner terminated under Sections 6.2 or 6.3 of this Agreement, with an option for up to two one-year renewals, contingent upon appropriations.

6.2 Termination for Cause by the PUCT. If Contractor is in default of any material term of this Agreement, the PUCT may serve upon Contractor written notice requiring Contractor to cure such default. Unless within thirty (30) days after receipt of said notice by Contractor, said default is corrected or arrangements satisfactory to the PUCT, as applicable for correcting the default have been made by Contractor, the PUCT may terminate this Agreement for default and shall have all rights and remedies provided by law and under this Agreement.

6.3 Termination for the Convenience of the PUCT. The PUCT may, upon thirty (30) days written notice to Contractor, terminate this Agreement whenever the interests of the PUCT so require. The PUCT shall not be liable for any damages and/or loss to Contractor as a result of termination for convenience.

6.4 Transfer of Duties. In the event of termination, Contractor will provide reasonable cooperation to transfer its duties under the Agreement to another entity without disruption to the progress of the audit(s).

6.5 Survival. In the event that this Agreement expires or is terminated pursuant to its terms, the rights and obligations of the Parties under it shall end; provided that the provisions of Sections 2.3 through 2.5, 3.5, 4.2, 7.5, 9.2, 9.4 through 9.6, 17.2 and 19.1 through 19.4, 19.8, and Articles 1, 10, 11, 12, 14 through 16, 20, 21, 23, 28 and 29 shall survive in their entirety.

Article 7. ASSIGNMENT, AMENDMENTS, AND MODIFICATIONS

7.1. Material Change Requests. PUCT may propose changes to Attachment A. Upon receipt of a written request from the PUCT for a change to Attachment A, Contractor shall, within a reasonable time thereafter, submit to the PUCT a detailed written estimate of any proposed price and schedule adjustment(s) to this Agreement. No changes to Attachment A will occur without the Parties' written consent provided in accordance with the terms stated in this Agreement.

7.2 Changes in Law, Rules, or Rulings. Subsequent changes in federal or state legislation, rules and regulations, or rulings by the PUCT may require modification of the terms of this Agreement, including an increase or decrease in Contractor's duties or compensation. In the event of such subsequent changes to statutes, rules, and/or regulations, the PUCT and Contractor shall negotiate the terms of a contract modification, whether an increase or decrease in Contractor's duties or compensation, in good faith, and incorporate such modification into this Agreement by written amendment.

7.3 No Assignment of Duties. This Agreement shall be binding upon and inure to the benefit of the permitted successors and assigns of any Party (including by merger of Contractor or otherwise by operation of law); provided, however, that Contractor shall not otherwise, without the prior written consent of the PUCT, assign or transfer this Agreement or any obligation incurred under this Agreement. Any attempt by Contractor to assign or transfer this Agreement or any obligation incurred under this Agreement, in contravention of this paragraph, shall be void and of no force and effect.

7.4 Amendments and Modifications. This Agreement may not be amended or modified in any manner except by written instrument executed by authorized representatives of the Parties in accordance with the terms of this Agreement.

7.5 Binding on Successors. The terms of this Agreement shall be binding on any successor organization of any of the Parties.

Article 8. REPRESENTATIONS, WARRANTIES AND COVENANTS

8.1 Warranty of Performance. Contractor represents, warrants, and covenants that it will perform the services outlined in Attachment A in a professional and workmanlike manner, consistent with professional standards of practice in the professional industry, including, but not limited to: generally accepted accounting principles (GAAP), the Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB) standards, and the Statement on Standards for Attestation Engagements (SSAE) No. 16.

8.2 Warranty of Services. Contractor warrants that the services shall be rendered by the qualified personnel named in Section 19.7 of this Agreement. If Services provided under this Agreement require a professional license, including, but not limited to a Certificate of Public Accountancy, then Contractor represents, warrants, and covenants that the activity will be performed only by duly licensed personnel.

Article 9. RISK OF LOSS AND PROPERTY RIGHTS

9.1 Risk of Loss. The risk of loss for all items to be furnished hereunder shall remain with Contractor until the items are delivered to the PUCT, at which time the risk of loss shall pass to the PUCT.

9.2 Ownership. Except for materials where any intellectual property rights are vested in a third party, such as software or hardware, in which case such rights shall remain the property of the third party, all finished materials, conceptions, or products created and/or prepared for or on behalf of the PUCT and purchased by the PUCT, or on behalf of the PUCT, that the PUCT has accepted as part of the performance of services hereunder, shall be the PUCT's property exclusively and will be given to the PUCT either at the PUCT's request during the term of the Agreement or upon termination or expiration of the Agreement. Notwithstanding the foregoing, materials created, prepared for, or purchased exclusively by the PUCT or on behalf of the PUCT are the PUCT's exclusive property regardless of whether delivery to the PUCT is effectuated during or upon termination or expiration of this Agreement.

9.3 Licensed Software. Contractor may obtain software licenses as an agent of the PUCT for software that is used by Contractor solely for the purpose of providing services under this Agreement. Contractor shall provide the PUCT with a copy of any software license obtained by Contractor as an agent for the PUCT for the purpose of providing services under this Agreement.

9.4 Prior Works. Except as provided herein, all previously owned materials, conceptions, or products shall remain the property of Contractor and nothing contained in this Agreement will be construed to require Contractor to transfer ownership of such materials to the PUCT.

9.5 Trademarks. The Parties agree that no rights to any trademark or service mark belonging to another Party or to any non-Party are granted to any other Party by this Agreement, unless by separate written instrument. The PUCT acknowledges and agrees that use of any trademark associated with any software provided by Contractor under this Agreement does not give the PUCT any rights of ownership in the trademark or the software.

9.6 Program Information. Program information, data, and details relating to Contractor's services under this Agreement shall be maintained separately from Contractor's other activities. Contractor shall undertake all reasonable care and precaution in the handling and storing of this information.

9.7 Provision to be Inserted in Subcontracts. Contractor shall insert an article containing paragraphs 9.2 and 9.6 of this Agreement in all subcontracts hereunder except altered as necessary for proper identification of the contracting Parties and the PUCT under this Agreement.

Article 10. PUBLIC INFORMATION

10.1 Texas Public Information Act (Texas Government Code Chapter 552). The Parties acknowledge that notwithstanding any other provisions of this Agreement, the Texas Public Information Act ("PIA") governs the treatment of all information held by or under the control of the Commission. The Commission will notify Contractor of requests for Contractor's information as soon as practicable.

10.2 Agreement Not Confidential. The Parties acknowledge that not all terms of this Agreement may be confidential pursuant to the Texas Public Information Act, regardless of whether those terms are marked "Proprietary," "Trade Secret," or "Confidential." Contractor further acknowledges that in the event of a dispute over the release of a proposal or part of a proposal the PUCT is bound by the decision made by the Office of the Attorney General of Texas.

10.3 Contractor's Duty to Provide Public Information. Contractor is required to make any information created or exchanged with the state pursuant to this contract, and not otherwise excepted from disclosure under the Texas Public Information Act, available in a format that is accessible by the public at no additional charge to the state.

Article 11. CONFLICTS OF INTEREST AND EMPLOYMENT RESTRICTION

11.1 No Conflicting Relationships. Contractor certifies to the Commission that no existing or contemplated relationship exists between Contractor and the Commission that interferes with fair competition or is a conflict of interest, and that no existing or contemplated relationship exists between Contractor and another person or organization, whether or not located within the State of Texas, that constitutes or will constitute a conflict of interest for Contractor with respect to the Commission.

11.2 Prohibition on Transactions with Parties Adverse to Commission. Contractor agrees that during performance of this Agreement, it will neither provide contractual services nor enter into any agreement, oral or written, to provide services to a person or organization that is regulated or funded by the Commission or that has interests that are directly or indirectly adverse to those of the Commission. The Commission may waive this provision in writing if, in the Commission's sole judgment, such activities of the Contractor will not be adverse to the interests of the Commission.

11.3 Notice of Conflict. Contractor agrees to promptly notify the PUCT of any circumstance that may create a real or perceived conflict of interest, whether arising prior to or during the term of the contract. Contractor agrees to use its best efforts to resolve any real or perceived conflict of interest to the satisfaction of the PUCT. Contractor's failure to do so shall be grounds for termination of this contract for cause, pursuant to Section 6.2.

Article 12. INDEMNIFICATION

Contractor shall indemnify, defend and hold harmless the PUCT, the State of Texas, and its officers, agents, employees, representatives, contractors, assignees, and designees from any and all liabilities, claims, demands or causes of action, and all related costs, attorney fees and expenses of whatever kind or nature asserted by a third party and occurring in any way incident to, arising out of, or in connection with acts or omissions of Contractor, its agents, employees and subcontractors, committed in the conduct of this Agreement. Any defense shall be coordinated by contractor with the Office of the Attorney General when Texas State Agencies are named defendants in any lawsuit. Contractor may not agree to any settlement without first obtaining the concurrence from the Office of the Attorney General. Contractor and the PUCT agree to furnish timely written notice to each other of any such claim.

Article 13. INSURANCE

Contractor agrees to comply with all state and federal laws applicable to the liability and payment of Contractor and Contractor's employees, including laws regarding wages, taxes, insurances, and workers' compensation. Neither the PUCT nor the State of Texas shall be liable

to the Contractor, its employees, agents, or others for the provision of unemployment insurance and/or workers' compensation or any benefit available to a state employee.

13.1 Minimum Insurance. Contractor shall, at its sole cost and expense, secure and maintain as a minimum, from the Effective Date and thereafter during the term of this Agreement, for its own protection and the protection of the PUCT:

(a) commercial liability insurance, covering, at a minimum, the following categories of liability within the following limits: (i) bodily injury and property damage - \$1,000,000 limit per occurrence, \$2,000,000 aggregate, (ii) medical expense - \$5,000 limit per person, (iii) personal injury and advertising liability - \$1,000,000 limit, (iv) products/completed operations -- \$2,000,000 aggregate, (v) damage to premises rented - \$50,000 limit;

(b) automobile liability coverage for vehicles driven by Contractor's employees (\$500,000 per occurrence); and

(c) workers' compensation insurance in accordance with the statutory limits, as follows: (i) employer's liability - \$1,000,000 each incident, (ii) disease - \$1,000,000 each employee and \$1,000,000 policy limit.

(d) professional liability insurance sufficient to cover liability from any potential errors or omissions related to the performance of this contract, which would be likely to cause liability to contractor or the PUCT.

The PUCT shall be named an additional insured on the commercial liability and automobile policies.

13.2 Certificates of Insurance. Contractor shall furnish to the PUCT certificates of insurance, signed by authorized representatives of the surety or insurers, of all such bonds and insurance and confirming the amounts of such coverage within ten (10) days of the Effective Date of this Agreement, and upon request thereafter. Contractor shall provide the PUCT Contract Administrator with timely renewal certificates as the coverage renews. Failure to maintain such insurance coverage specified herein, or to provide such certificates promptly, shall constitute a material breach of this Agreement. Contractor shall provide thirty (30) days written notice of any notice for renewal and/or cancellation of insurance.

Article 14. DISPUTE RESOLUTION

The Parties agree to resolve disputes arising under this Agreement through the dispute resolution process provided for in Chapter 2260 of the Texas Government Code and Subchapter C of the PUCT Rules for Administrative Services.

Article 15. SOVEREIGN IMMUNITY

The State of Texas and the PUCT do not waive sovereign immunity by entering into this Agreement and specifically retain immunity and all defenses available to them under the laws of the State of Texas or the common law.

Article 16. GOVERNING LAW

Notwithstanding anything to the contrary in this Agreement, this Agreement shall be deemed entered into in the State of Texas and shall be governed by and construed and interpreted in accordance with the laws of the State of Texas that apply to contracts executed in and performed entirely within the State of Texas, without reference to any rules of conflict of laws. The Parties consent to the exclusive jurisdiction of the State of Texas. The Parties hereby submit to the jurisdiction of the courts located in, and venue is hereby stipulated to, the state courts located in Travis County, Texas. Each Party stipulates that it is subject to the jurisdiction of the courts located in Travis County, Texas, for any cause of action arising from any act or omission in the performance of this Agreement. Further, each Party hereby waives any right to assert any defense to jurisdiction being held by the courts located in Travis County, Texas, for any cause of action arising from any act or omission in the performance of this Agreement.

Article 17. COMPLIANCE WITH LAW

17.1 General. Contractor shall comply with all federal, state, and local laws, executive orders, regulations, and rules applicable at the time of performance. Contractor warrants that all services sold hereunder shall have been produced, sold, delivered, and furnished in strict compliance with all applicable laws and regulations to which they are subject, including Equal Employment Opportunity laws. All laws and regulations required in agreements of this character are hereby incorporated by this reference.

17.2 Taxes. Contractor agrees to comply with any and all applicable state tax laws that may require any filing with and/or payment to the State of Texas as a result of any action taken as a result of this Agreement.

17.3 Workers' Compensation. Contractor agrees that it shall be in compliance with applicable state workers' compensation laws throughout the term of this Agreement.

17.4 Conflicts. Contractor agrees to abide by the requirements of and policy directions provided by the Texas statutes and the rules and regulations of the PUCT, and will inform and consult with the PUCT when further interpretations or directions are needed in order to fully implement the rules and regulations of the Commission. In the event that Contractor becomes aware of inconsistencies between this Agreement and a Texas statute or PUCT rule, Contractor will so

advise the PUCT and will cooperate fully to revise applicable provisions of this Agreement as necessary.

Article 18. CONTRACTOR'S CERTIFICATION

By accepting the terms of this Agreement, Contractor certifies that, to the extent applicable, it is in compliance with the following requirements and prohibitions. Contractor understands and agrees that a false certification may lead to termination of this Agreement for cause.

18.1 Prohibitions on Gifts. Contractor has not given, offered to give, nor intends to give at any time hereafter any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant in connection with this Agreement.

18.2 Delinquent Obligations. Contractor is not currently delinquent in the payment of any franchise or sales tax owed to the State of Texas, and is not delinquent in the payment of any child support obligations under applicable state law.

18.3 Terrorist Financing. The PUCT is federally mandated to adhere to the directions provided in the President's Executive Order (EO) 13224, Executive Order on Terrorist Financing – Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten to Commit, or Support Terrorism, effective 9/24/2001 and any subsequent changes made to it, via cross referencing respondents/vendors with the Federal General Services Administration's System for Award Management (SAM), <https://www.sam.gov/>, which is inclusive of the United States Treasury's Office of Foreign Assets Control (OFAC) Specially Designated National (SDN) list at: <http://www.treasury.gov/resource-center/sanctions/SDN-List/Pages/default.aspx>.

Respondent certifies that the responding entity and its principals are eligible to participate in this transaction and have not been subjected to suspension, debarment, or similar ineligibility determined by any federal, state or local governmental entity and that Respondent is not listed on the federal government's terrorism watch list as described in Executive Order 13224. Entities ineligible for federal procurement are listed at: <https://www.sam.gov/>.

18.4 Antitrust. Neither Contractor nor anyone acting for Contractor has violated the antitrust laws of this State, codified in Section 15.01, et. seq., of the Texas Business and Commerce Code or the Federal Antitrust Laws, nor has communicated directly or indirectly to any competitor or any other person engaged in such line of business for the purpose of obtaining an unfair price advantage.

18.5 Family Code. Contractor has no principal who is ineligible to receive funds under Texas Family Code Section 231.006 and acknowledges that this Agreement may be terminated and payment may be withheld if this certification is inaccurate.

18.6 Prohibited Compensation. Contractor has not received compensation from the PUCT, or any agent, employee, or person acting on the PUCT's behalf for participation in the preparation of this Agreement.

18.7 Government Code. Under Texas Government Code Section 2155.004, Contractor certifies that the individual or business entity named in this contract is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and/or payment withheld if this certification is inaccurate.

18.8 Outstanding Obligations. Payments due under the contract will be applied towards any debt that is owed to the State of Texas, including but not limited to delinquent taxes and child support.

18.9 Contracting with Executive Head of State Agency. Contractor certifies this Agreement is in compliance with Texas Government Code Section 669.003 relating to contracting with the executive head of a State agency. If Texas Government Code Section 669.003 applies, bidder will complete the following information in order for the bid to be evaluated: Name of Former Executive; Name of State Agency; Date of Separation from State Agency; Position with Bidder; and Date of Employment with Bidder.

18.10 Buy Texas. Contractor will comply with Texas Government Code Section 2155.4441, pertaining to service contracts regarding the use of products produced in the State of Texas.

18.11 Hurricane Recovery. Under Texas Government Code Section 2155.006, Contractor certifies that the individual or business entity named in this proposal is not ineligible to receive the specified contract and acknowledges that this contract may be terminated and payment withheld if this certification is inaccurate.

Article 19. GENERAL PROVISIONS

19.1 Relationship of Parties. Contractor is and shall remain at all times an independent contractor, and nothing in this Agreement shall be deemed to create a joint venture, partnership, employment, franchise, master-servant, or agency relationship between the Parties. Except as expressly provided to the contrary elsewhere in this Agreement, no Party has any right or authority to act on behalf of another Party, nor to assume or create any obligation, liability or responsibility on behalf of another Party. Under no circumstances shall the relationship of employer and employee be deemed to arise between the PUCT and Contractor's personnel. Contractor shall be solely responsible for achieving the results contemplated by this Agreement, whether performed by Contractor, its agents, employees or subcontractors.

19.2 Taxes and Statutory Withholdings. Contractor acknowledges that it is not a PUCT employee, but is an independent contractor. Accordingly, it is Contractor's sole obligation to report as income all compensation received by Contractor under the terms of this Agreement.

Contractor is solely responsible for all taxes (federal, state, or local), withholdings, social security, unemployment, Medicare, Workers' Compensation insurance, and other similar statutory obligations (of any governmental entity of any country) arising from, relating to, or in connection with any payment made to Contractor under this contract. Contractor shall defend, indemnify and hold the PUCT harmless to the extent of any obligation imposed by law on the PUCT to pay any tax (federal, state, or local), withholding, social security, unemployment, Medicare, Workers' Compensation insurance, or similar statutory obligation (of any governmental entity of any country) arising from, relating to, or in connection with any payment made to Contractor under this Agreement. Further, Contractor understands that neither it nor any of its individual employees is eligible for any PUCT employee benefit, including but not limited to holiday, vacation, sick pay, withholding taxes (federal, state, or local), social security, Medicare, unemployment or disability insurance, Workers' Compensation, health and welfare benefits, profit sharing, 401(k) or any employee stock option or stock purchase plans. Contractor hereby waives any and all rights to any such PUCT employment benefit.

19.3 Notice. Except as otherwise stated in this Agreement, all notices provided for in this Agreement shall be (a) in writing, (b) addressed to a Party at the address set forth below (or as expressly designated by such Party in a subsequent effective written notice referring specifically to this Agreement), (c) sent by FedEx, with proper postage affixed and (d) deemed effective upon the third business day after deposit of the notice in the U.S. Mail.

IF TO THE PUCT:

ATTENTION: Brian H. Lloyd, Executive Director
1701 N. Congress Ave., 7th Floor
Austin, TX 78701

With a copy to the PUCT Contract Administrator at the same address.

IF TO CONTRACTOR:

ATTENTION: Vic Hurlburt, CPA
100 N. Main Street, Ste. 200
Liberty, MO 64068

19.4 Headings. Titles and headings of paragraphs and sections within this Agreement are provided merely for convenience and shall not be used or relied upon in construing this Agreement or the Parties' intentions with respect thereto.

19.5 Export Laws. Contractor represents, warrants, agrees and certifies that it (a) shall comply with the United States Foreign Corrupt Practices Act (regarding, among other things, payments to government officials) and all export laws and rules and regulations of the United States Department of Commerce or other United States or foreign agency or authority and (b) shall not knowingly permit any non-Party to directly or indirectly import, export, re-export, or transship

any intellectual property or any third-party materials accessed by Contractor during the course of this Agreement in violation of any such laws, rules or regulations.

19.6 Preprinted Forms. The use of preprinted forms, such as purchase orders or acknowledgments, in connection with this Agreement is for convenience only and all preprinted terms and conditions stated thereon are void and of no effect. The terms of this Agreement cannot be amended, modified, or altered by any conflicting preprinted terms, provisions, or conditions contained in a preprinted form, such as purchase orders or acknowledgments. If any conflict exists between this Agreement and any terms and conditions on a purchase order, acknowledgment, or other preprinted form, the terms and conditions of this Agreement will govern.

19.7 Specific Personnel. Contractor has identified the personnel for this assignment ("Team"), as follows:

Contractor warrants that it shall use its best efforts to avoid any changes to the Team during the course of this Agreement. Should personnel changes occur during the contract period, Contractor will recommend to the PUCT personnel with comparable experience and required qualifications and training. The PUCT must approve any change in personnel on this project in writing prior to personnel beginning work.. Contractor shall provide individuals qualified to perform the tasks assigned to such individual. At the PUCT's request, Contractor shall remove from the project any individual whom the PUCT finds unacceptable. Contractor shall replace such individual with another individual satisfactory to the PUCT as soon as practicable.

19.8 Publicity. Contractor understands and agrees that no public disclosures or news releases pertaining to this Agreement or any results or findings based on information provided, created, or obtained to fulfill the requirements of this Agreement shall be made without the prior written approval of the PUCT.

Article 20. NO IMPLIED WAIVER

The failure of any Party, at any time, to enforce a provision of this contract will not constitute a waiver of that provision; will not affect the validity of this contract or any part of it; and will not affect the right of any Party to enforce each and every provision.

Article 21. ORDER OF PRECEDENCE

In the event of conflicts or inconsistencies between the provisions of this contract and its attachment(s), the provisions of this contract will control.

Article 22. FORCE MAJEURE

Neither the PUCT nor Contractor will be considered in default in the performance of its obligations under this contract to the extent that the performance of such obligations is prevented or delayed by any cause beyond the reasonable control of the affected Party, which such Party could not, by due diligence have avoided, including but not limited to acts of God, severe weather, explosions, riots, acts of war, or orders of legal authority. Such causes will not relieve either Party of liability in the event of its failure to use due diligence to remedy the situation and remove the cause in an adequate manner, with all reasonable dispatch, and to give notice and full particulars of the same in writing to the other Party as soon as possible after the occurrence of the cause that prevented or delayed performance of the obligations. If the event of Force Majeure continues for a period of more than one hundred and eighty (180) days, either Party thereafter may terminate this contract upon giving at least ten (10) days prior written notice to the other Party.

Article 23. SEVERABILITY

If any provision of this contract is held unlawful or otherwise unenforceable, such provision will be severed and deemed deleted and the remainder of this contract will continue in full force and effect, as if such provision had never existed.

Article 24. FUNDING OUT CLAUSE

This contract is contingent upon the continued availability of funding. If funds become unavailable through lack of appropriations, legislative or executive budget cuts, amendment of the Appropriations Act, state agency consolidations, or any other disruptions of current appropriations, provisions of the Termination Article shall apply. Any contract resulting from this solicitation is contingent upon the continued availability of lawful appropriations by the Texas Legislature. *See* Texas Constitution, Article III Section 49, State Debts; and Texas General Appropriations Act for the 2014-2015 Biennium, Article IX, Section 6.03, Excess Obligations Prohibited.

Article 25. DRUG FREE WORKPLACE POLICY

The contractor shall comply with the applicable provisions of the Drug-Free Work Place Act of 1988, 41 U.S.C. Section 8102, et seq., and 48 CFR § 52.223-6 Drug-Free Workplace) and maintain a drug-free work environment. The requirements of the Drug Free Workplace Act and the rules interpreting it are incorporated by reference and the contractor shall comply with the relevant provisions thereof, including any amendments that may hereafter be issued.

Article 26. SUBSTITUTIONS

Substitutions are not permitted without prior written approval of the PUCT.

Article 27. PAST PERFORMANCE

A Respondent's past performance will be measured based upon pass/fail criteria, in compliance with applicable provisions of Texas Government Code Sections 2155.074, 2155.075, 2156.007, and 2157.125. Respondents may fail this selection criterion for any of the following conditions:

- 1) Having a score of less than 90% in the Vendor Performance System;
- 2) Being currently under a Corrective Action Plan through the Texas Comptroller of Public Accounts (CPA);
- 3) Having repeated negative Vendor Performance Reports for the same reason; or
- 4) Having purchase orders that have been cancelled in the previous 12 months for non-performance (i.e. late delivery, etc.).

Contractor performance information is located on the CPA web site at:

http://www.window.state.tx.us/procurement/prog/vendor_performance/.

CPA may conduct reference checks with other entities regarding past performance. In addition to evaluating performance through the Vendor Performance Tracking System (as authorized by 34 Texas Administrative Code Section 20.108), CPA may examine other sources of vendor performance including, but not limited to, notices of termination, cure notices, assessments of liquidated damages, litigation, audit reports, and non-renewals of contracts. Any such investigations shall be at the sole discretion of CPA, and any negative findings, as determined by CPA, may result in non-award to the Respondent.

Article 28. RIGHT TO AUDIT

Pursuant to Section 2262.003 of the Texas Government Code, the State Auditor may conduct an audit or investigation of Contractor or any other entity or person receiving funds from the state directly under this Agreement or indirectly through a subcontract under this contract. The acceptance of funds by Contractor or any other entity or person directly under this contract or indirectly through a subcontract under this contract acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, Contractor or any other entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit. Contractor will ensure that this clause

concerning the authority to audit funds received indirectly by subcontractors through the vendor and the requirement to cooperate is included in any subcontract awards.


Article 29. ENTIRE AGREEMENT


This contract constitutes the entire agreement and understanding between the parties with regard to its subject matter and supersedes and merges all prior discussions, writings, negotiations, understandings, and agreements concerning the provision of these services. Any terms and conditions attached to a solicitation will not be considered unless specifically referred to in this Agreement, and may result in disqualification.

In WITNESS WHEREOF both parties by their duly authorized representatives have executed this contract effective as of the last date signed.

The Public Utility Commission of Texas

Hurlburt CPA

By: 
Brian H. Lloyd
Executive Director

By: 
Vic Hurlburt, CPA
Owner

Date Signed: 7/23/14

Date Signed: 7/29/14

**ATTACHMENT A
TO CONTRACT NO. 473-14-00310
STATEMENT OF WORK**

The audit objectives are outlined below. In addition, the contractor shall compile a balance sheet, a statement of revenues, a statement of expenditures and changes in fund balance, and a statement of cash flows for the Texas Universal Service Fund. The contractor shall perform the audit in accordance with generally accepted accounting principles (GAAP) consistent with the Government Accounting Standards Board (GASB) and the Financial Accounting Standards Board (FASB). The audit shall be in compliance with Statement on Standards for Attestation Engagements (SSAE) No. 16.

Objectives

The PUCT's objectives for this audit are:

- A. To determine the TUSF Administrator's compliance with the terms of its contract with the PUCT.
- B. To determine whether the TUSF Administrator's Statements of Changes in Fund Balance reports and balance sheet accurately represent its financial operations regarding the TUSF in accordance with GAAP.
- C. To determine whether the TUSF Administrator has adequate internal accounting and other control systems to administer the TUSF in compliance with the pertinent provisions of the Public Utilities Regulatory Act (PURA) (found at <http://www.statutes.legis.state.tx.us/Docs/UT/htm/UT.56.htm>), PUCT Substantive Rule 26, Subchapter P (found at <http://www.puc.texas.gov/agency/rulesnlaws/subrules/telecom/Telecom.aspx>); the contract between the PUCT and Solix for TUSF Administration Services; and Solix' own administrative procedures. NOTE: The Contractor must fully document all procedures followed and the results in the audit report.
- D. To determine whether the TUSF Administrator's administrative procedures are adequate to accurately collect, disburse, and administer the TUSF.
- E. To determine whether the TUSF Administrator's administrative procedures are adequate to provide a safe return on investments.
- F. To determine whether the TUSF Administrator's administrative procedures are adequate to identify delinquent service providers.
- G. To determine whether documented collection procedures exist and are followed.
- H. To determine whether the TUSF Administrator's procedures are adequate to identify those entities that should be reporting but are not.

I. To determine whether the TUSF Administrator has procedures in place to identify potential reporting entities and provide proper notification to those entities and whether the TUSF Administrator follows those procedures.

J. To determine the type and amount of expenses submitted for reimbursement by each state agency that administers a program supported by the TUSF.

Deliverables

The Contractor shall provide a draft audit report and a final audit report for each fiscal year audited. The report shall contain:

- A. An opinion on the Statement of Changes in Fund Balance and the balance sheet of the TUSF. The Statement of Changes in Fund Balance report includes additions to the fund, deletions to the fund, and the ending fund balance.
- B. An SSAE16 opinion on the TUSF Administrator's internal control structure and the adequacy and functioning of those control systems. NOTE: All rules and procedures will be reported on in the deliverable.
- C. A review of and report on all TUSF disbursements made to Texas state agencies that are responsible for administering a program supported by the fund. These agencies are the PUCT, the Department of Assistive and Rehabilitative Services and the Health and Human Services Commission.
- D. An opinion of the TUSF Administrator's TUSF financial statements along with a statement of revenue and disbursements for each month of the fiscal year and the year-end balance sheet.

The Contractor shall provide five (5) copies of the final report to the PUCT along with an electronic copy and five (5) copies to the TUSF Administrator. The Contractor may be required to provide an oral presentation of the audit report to the PUCT commissioners in open meeting.

Hurlburt CPA's proposed work plan is incorporated into this contract and included as Attachment A-1. In the event of a conflict between the terms and conditions of this contract and/or the statement of work and the work plan, the terms and conditions and statement of work control.

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Meetings/Progress Reports

The Contractor shall provide regular updates to the PUCT concerning progress on the audit and any issues that arise. The updates shall be regular and scheduled, but may be informal or formal.

Periods to be Audited and Deadlines

Fiscal Year 2014 (9/1/2013 – 8/31/2014)

Draft audit report due: January 30, 2015

Final audit report due: March 31, 2015

Fiscal Year 2015 (9/1/2014 – 8/31/2015)

Draft audit report due: January 30, 2016

Final audit report due: March 31, 2016

Fiscal Year 2016 (9/1/2015 – 8/31/2016)

Draft audit report due: January 31, 2017

Final audit report due: March 31, 2017

The Contractor shall cooperate with the TUSF Administrator to schedule the audit no later than December 1 before the audit report due dates.

Compensation

The Contractor may invoice for its services as follows:

40% of the fee for the fiscal year being audited upon submission of the draft audit report for that fiscal year.

40% of the fee for the fiscal year being audited upon submission of the final audit report for that fiscal year.

20% of the fee for the fiscal year being audited upon formal acceptance by the PUCT of the report for that fiscal year or, if the Contractor is requested to brief the commissioners of the PUCT, upon briefing the commissioners on the report's findings.

The PUCT will not provide additional compensation to the contractor for a trip to and time spent in Austin to brief the commissioners.

The firm fixed price for each audit contemplated under this contract shall be as follows:

- Fiscal Year 2014: \$54,000
- Fiscal Year 2015: \$54,000
- Fiscal Year 2016: \$54,000

If the parties choose to exercise the extension option, the firm fixed price for each audit contemplated under the extended contract shall be as follows:

- Fiscal Year 2017: \$56,000
- Fiscal Year 2018: \$56,000

**ATTACHMENT A-1
TO CONTRACT NO. 473-14-00310
PROPOSED WORK PLAN**

Texas Universal Service Fund

Proposed Work Plan

8/31/2014

Contract Compliance, PUCT Substantive Risk, PURA or Solix Administrative Procedure

Coordinate audit visit
Submit voluminous data request to be ready at the start of field work.
Perform fraud interviews
Obtain management representation letter

RFP TASK 1 - Contractual Compliance

Solix will serve as the initial point of contact for inquiries, requests for interpretation and other matters regarding the TUSF.
Solix to promptly refer inquiries from federal agencies, legislators, other public officials, media or any person to the CA.
Submission of false information. Solix to make a report to CA.
Solix to report to CA any irregularity in the operation of the TUSF.
Solix to provide remittance worksheets allowing for self-reporting of revenues and calculate assessment due.
Solix will review these submissions for accuracy and completeness and will require TPs to explain variances.
Solix will implement a process to identify TPs that must report.
By May 15, Solix to submit a report to recommend a rate change, if required.

The calculated rate must provide a reserve contingency.
Monthly: Solix will disburse funds to qualified recipients identify by PUCT and Texas law and rules and regulations.
At PUCT's direction, Solix will make non-periodic disbursements from the fund.
Solix will not borrow any funds to make monthly disbursements or for any other purpose.
Solix to exercise all reasonable methods to determine validity of claims.
Solix shall inform the PUCT when a TP fails to cooperate with documentation requirements.
Solix will create and implement an on-line reporting system for the TPs.
Solix will provide ETPs with a PUCT-approved on-line reporting system.

The online reporting system will allow ETPs to report and calculate support amounts.
Solix will pay STAP vendors by the 10th of the month.
Solix must pay invoices within 30 days submitted by the TRS vendor outside auditor and other vendors as required.
Solix to disburse TUSF funds to PUCT, DARS or other state agency within 30 days.
Solix will send a quarterly Notice of Delinquency to all delinquent reporters.
For TPs delinquent past 180 days, Solix will send US Certified Mail return receipt requested.

Solix may subcontract with a person or business entity to collect delinquent payments owed to the TUSF.
Solix will require the subcontractor to make monthly reports.
Solix to report delinquencies on a monthly basis that are 30, 60, 90, 180 and 365 days overdue.
Solix can take reasonable steps to resolve any dispute with a TP regarding the TP TUSF assessment.
Solix will assess late payment charges at rates approved by the PUCT and sent by the PUCT CA.
Solix is to forward all bankruptcy filings to PUCT CA.
Solix will retain certified mail documentation.

Solix will maintain records by contributor and recipient in each program.

Solix will provide activity reports, data month reports, cash flow statements, etc.

At the PUCT CA request, Solix will provide monthly projections.

Solix to provide a monthly report to PUCT CA and STAP contact includes total vouchers paid, total amount paid.
Solix will provide additional reports to the PUCT on an ad hoc basis as determined by the PUCT.

Solix to maintain separate accounts for all TUSF monies to avoid commingling. Must be in FDIC compliance.
Solix operates the fund on a payment-after-collection basis while maintaining an adequate reserve amount.
PUCT and Solix shall establish the reserve level to be reviewed monthly.

Solix will deposit any cash resources of the TUSF in an FDIC insured account.

Solix will invest undistributed fund monies in secure short-term investments to maximize risk, provide liquidity and ROI.

Solix will secure investments designed to maximize security, liquidity and return, in that order.

The PUCT contract administrator will review and approve the Committee Guidelines.

The PUCT CA will oversee Solix's administration of TUSF. Solix must agree to discuss all issues.

PUCT may inspect the progress of Solix's work as often as necessary.

Solix to maintain STAP database on a monthly basis.

Solix to process voucher payments including date stamping and scanning vouchers and supporting documentation.

Solix to setup and maintain a toll free telephone number for vendor, participant, DARS, and PUCT.

Solix to respond to inquiries.

Solix to maintain manufacturers' suggested retail price lists for STAP products.

Service Auditor's Tasks

Timeline

Contract Signing
Fall 2014

Jan-15

Jan-15

Jan-15

Jan-15

Jan-15

Jan-15

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Inspect email communications from Solix to the PUCT CA.
Inspect email communications from Solix to the PUCT CA.
Inspect email communications from Solix to the PUCT CA.
Inspect email communications from Solix to the PUCT CA.
Inspect form on line at Solix web site. Review controls of on-line reporting.
Inspect emails pertaining to variances.
Inspect accounts receivable from TPs.
Inspect Solix Rate report.
Inspect the communication with the PUCT called TUSF Assessment Factor Calculation.
Inspect a list of qualified recipients identify by PUCT.
Inspect non-periodic disbursements from the fund. Identify PUCT approval and direction.
Inspect monthly financial statements.
Inspect disbursements to qualified recipients identify by PUCT.
Inspect an email from Solix to the PUCT CA indicating that a TP was failing to cooperate.
View and perform tests of on-line system.
View and perform tests of on-line system.
View and perform tests of on-line system.
Inspect STAP payments to vendors. Interview Solix TUSF Contact.
Review paid invoices to state agencies.
Review paid invoices to state agencies.
Inspect Solix reports and letters of communication.
Inspect Solix returned postal receipts.
Review language in contract to ensure compliance.
Review monthly reports.
Inspect Solix reports for April 2013.
Inspect disputed items and partial payments.
PUCT has not implemented late charges.
Review documentation pertaining to Bankruptcy filings.
Inspect Solix certified mail documentation.
Inspect the live data file.
Inspect during the financial audit the relevant schedules required by the contract.
Inspect requests.
Inspect monthly STAP reports.
Interview Solix State Manager about various reports created for Texas.
Inspect banking documents provided by the Solix Treasurer.
Inspect monthly un-audited financial statements and Treasurer reports.
Inspect monthly un-audited financial statements and Treasurer reports.
Inspect banking documents provided by the Solix Treasurer.
Inspect an estimate reports provided by the Solix Treasurer.
Inspect an estimate reports provided by the Solix Treasurer.
There were no approval emails as there were no changes made by the PUCT CA.
Inspect various communications between Solix and the PUCT CA.
Inspect various communications between Solix and the PUCT CA.
Review monthly database reports.
Inspect STAP vouchers. Review date stamping/scanning of vouchers.
Call the Toll Free number 877-230-6653.
Interview STAP manager who discussed various inquiries.
Observe retail list maintained by Solix.

Texas Universal Service Fund

Proposed Work Plan

8/31/2014

Contract Compliance, PUCT Substantive Matter, PURA or Solix Administrative Procedure

Solix provides reimbursement to vendors within 15 days
 Solix sends disputed items to the PUCT for their consideration
 Solix processes vouchers no sooner than ten working days
 Solix verifies reimbursements on expired vouchers were not made
 Solix has an employee dishonesty policy included in its insurance coverage
 Through the on-line system, Solix cross checks carriers authorized for disbursements
 CRW's submitted on-line by providers are calculated by Solix software
 The on-line TUSF system electronically verifies each CRW for completeness
 Solix is to provide monthly reports to the CA of the PUCT
 Solix uses the approved rate from the latest PUCT order
 Solix to maintain a reserve for late payments and un-collectibles
 Solix's on-line system is to verify information submitted by entities.
 Solix reviews all CRW's for the "primary communications business" designation indicated on each CRW
 The PUCT submits updated listings of qualified entities to Solix in order to update their database
 Disbursements are Review and are only allowed for authorized entities
 Solix obtains the list of approved ETP's from the PUCT
 Solix obtains the list from the PUCT of qualifying entities for various funds the entity is entitled to receive
 Solix reviews expenses from qualifying agencies on a monthly basis
 Solix limits true-ups to a 3 year period for under-reporting and a one year period for over-reporting
 All documentation related to TUSF is stored in a separate locked file and in the Solix server
 SOLIX CONTROLS & COLLECTION PROCEDURES
 Solix will review the PUCT website to search for companies
 Solix will notify all contributors of any change to the approved assessment factor via mailings
 Solix TUSF staff will accumulate and store carrier data in a separate and distinct database.
 Companies required to pay into the fund will enter data online and send payments to Solix
 Carriers remit payments to the TUSF on a monthly basis.
 Solix Accounts Receivable department receives copies of checks and electronic fund transfer confirmations from the bank.
 Solix Accounts Receivable staff will compare payments received with the TUSF Carrier Remittance worksheets
 Carriers enter the TUSF remittance worksheets into an on-line database.
 The Accounts Receivable Handoff Control Report is generated and approved by the Manager-Billing and Collections
 Separate responsibility codes in the General Ledger are maintained for revenue and expenses for the Solix TUSF activity
 A Solix Treasury employee reconciles the monthly bank statement
 Once each quarter an initial late notice for non-payers is mailed via regular mail to each delinquent carrier
 Accounts that are more than 60 days delinquent in paying the TUSF are reported to the PUCT each month for further action
 After cash is applied and worksheets are uploaded, Accounts Receivable produces monthly statements
 Monthly account statements are sent to all carriers that have a balance greater than \$1.00
 Procedures for the preparation, review and approval of TUSF settlements are established.
 Solix administrative expenses are transferred from the TUSF, as authorized by the PUCT
 Solix State Fund Operations will monitor fund levels
 TUSF support payments to carriers will be made via check or ACH on the 10th day of every month
 Solix tracks disbursements paid to individual programs as separate and unique accounts
 Solix will monitor the PUCT website to find companies that have been approved
 Solix TUSF staff will assist in developing the assessment factor
 Solix TUSF staff prepares monthly financial status reports for the PUCT
 Texas carrier remittance forms and vouchers are handled by the Accounts Receivable
 Solix uses a card key system to limit access to the building to only authorized individuals
 All Solix staff working with TUSF data are required to sign a "non-disclosure agreement"
 The General Accounting group will maintain all supporting documentation
 Solix backs up the TUSF database on a nightly basis
 A formal Disaster Recovery Plan is established and Test periodically
 Solix will maintain insurance coverage as the amounts specified in Article 18 of the contract
 SOLIX DATA CENTER CUNTRINIS

Service Auditor's Tests

Timeline	Service Auditor's Tests
Jan-15	Inspect the query of receive date versus paid date
Jan-15	Review disputed actions causing a delay in payments
Jan-15	Inspect the STAP vouchers and Review voucher processing and compliance
Jan-15	Inspect refunds and compliance with payment date requirements
Jan-15	Inspect vouchers for date compliance
Jan-15	Inspect the Solix Certificate of Liability Insurance
Jan-15	Inspect and Test disbursements to carriers authorized in accordance with the PUCT
Jan-15	Inspect and Test CRW's for calculation of TUSF Net Remittance Amount
Jan-15	No carrier audits were done during the fiscal year
Jan-15	Review monthly reports made by Solix to the CA
Jan-15	Inspect and Test disbursements using the approved assessment rate
Jan-15	Inspect the TUSF balance sheet
Jan-15	Review participant listed by carrier type and no carrier was in the late category
Jan-15	Inspect and Test CRW's. Solix stated no pay phone providers are reporting to TUSF
Jan-15	Inspect approval documentation provided by the PUCT to Solix
Jan-15	Inspect invoices from authorized entities approved by the PUCT
Jan-15	Inspect the ETP list
Jan-15	Inspect the list of qualifying entities
Jan-15	Inspect monthly invoices from qualifying agencies
Jan-15	Interview TUSF manager as to the treatment of true-ups
Jan-15	Interview TUSF project manager to determine if TUSF data was locked in desks
Jan-15	Inspect Solix documentation of monitoring FCC and PUCT websites
Jan-15	Inspect Solix notifications to contributors
Jan-15	Inspect data base documentation
Jan-15	Inspect payments made to carriers
Jan-15	Inspect receipts from CRW submissions of payments from Texas entities
Jan-15	Inspect receipts from CRW submissions of payments from Texas entities
Jan-15	Inspect and Test TUSF payments versus submitted CRW's
Jan-15	Inspect on-line data base by accessing database
Jan-15	Inspect Handoff Control reports
Jan-15	Inspect the Solix chart of Accounts
Jan-15	Inspect reconciliations as part of the financial audit
Jan-15	Inspect late notices
Jan-15	Inspect report of the delinquent accounts and aging reports
Jan-15	Inspect monthly statements
Jan-15	Inspect monthly statements
Jan-15	Inspect desk procedures
Jan-15	Inspect monthly disbursements to ensure in the ordered process
Jan-15	Inspect Solix administrative expenses as per contract
Jan-15	Inspect monthly reports to ascertain if fund levels fell to unacceptable levels
Jan-15	Inspect monthly disbursements to carriers and qualified recipients identify by PUCT
Jan-15	Inspect disbursements were paid and accounted for as separate and unique accounts
Jan-15	Inspect Solix documentation showing approval by PUCT and FCC location list
Jan-15	Inspect Solix documentation in the development of the assessment factor
Jan-15	Inspect Solix monthly reports
Jan-15	Inspect the work area of TUSF personnel at Solix
Jan-15	Observe card key system used by Solix. Inspect list of user ids
Jan-15	Inspect the Solix NDA by employee
Jan-15	Inspect the lease for the off-site location
Jan-15	Inspect nightly backup report
Jan-15	Inspect the Solix Disaster Recovery Plan
Jan-15	Inspect the Solix insurance policy

1501

CA. Title of image per current best practice

Prepare final report and submit to PICT and SOLA

1. *Introduction*

Prepare final report and submit to PICT and SOLA